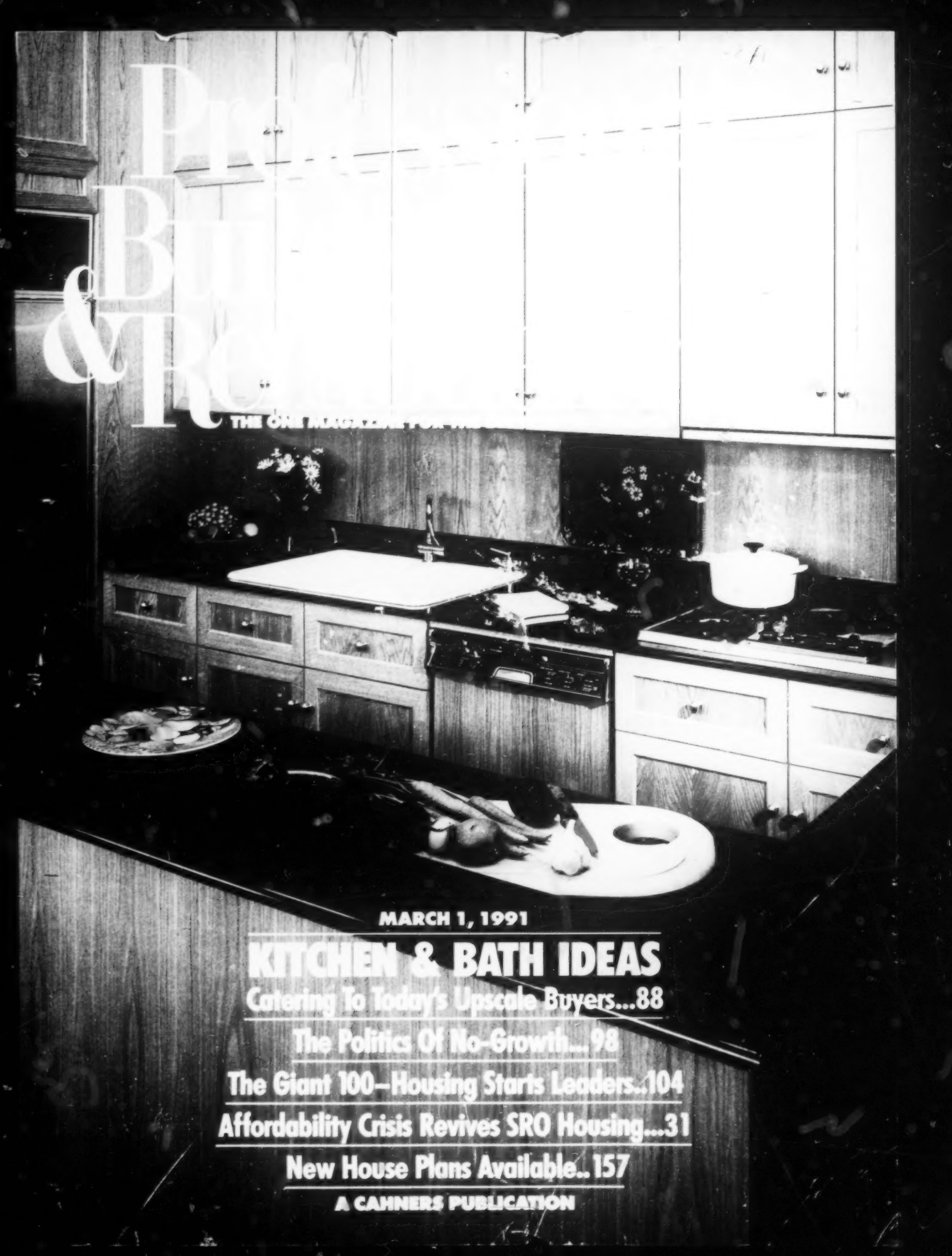


P
B
&
R

THE ON

MARCH 1, 1991

KITCHEN & BATH IDEAS

Catering To Today's Upscale Buyers...88

The Politics Of No-Growth...98

The Giant 100–Housing Starts Leaders..104

Affordability Crisis Revives SRO Housing....31

New House Plans Available..157

A CAHNERS PUBLICATION

Professional Builder & Remodeler

THE ONE MAGAZINE FOR THE DIVERSIFIED BUILDER

On The Cover

■ This kitchen in a Brooklyn Heights, N.Y., brownstone was part of a $175,000 renovation accomplished by Jota Construction. The Design was by Manhattan architect Ronette Riley and Robert Henry. Photography by Otto Baitz.

Bath designs with sales sizzle: p. 88.

The S&L outlook: p. 16.

FEATURES

Kitchens & Baths For Today's Buyers 88

Here's a rundown on the latest design trends in both new and remodeled homes, as well as key marketing data from our exclusive survey of consumer buying practices.

Let America Build Part VII: Sensible Growth 98

When growth is perceived as decreasing the quality of life in a community, opposition to development is bound to be virulent. But it doesn't have to be that way.

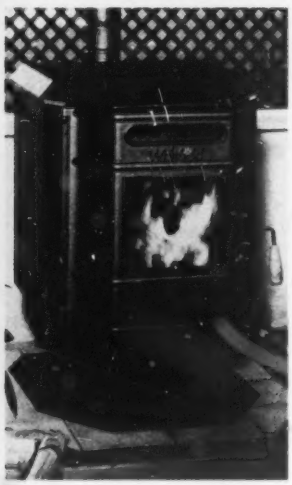
1990 Housing Starts: The Giant 100 104

According to our fourth annual survey, Trammell Crow Residential is once again the nation's housing starts leader.

Understanding Barrier-Free Design Standards 110

March 13 is the date for compliance with HUD's new accessible housing standards, although there is uncertainty as to precise requirements. Here are some guidelines.

Removing regulatory barriers to building: p. 98.



Latest fireplace designs: p. 132.

DEPARTMENTS

Editorial: Streamlining Operations. . . 11

Money: How Banks Will Survive. . . 20

Washington: 1991 Housing Agenda. . . 24

Inside Housing: Upstairs Layout Changes. . . 46

Accounting: Preparing Financial Data. . . 52

Real Estate Dynamics: Business Plans. . . 56

Tech Watch: A Living Lab. . . 128

Product Showcase. . . 132

House Plans. . . 157

Indicators: Gulf War Concerns. . . 183

Business

■ Are S&Ls obsolete? In the wake of the finance crisis, housing may lose this specialized lender: *p.16.*

Markets

■ In key metropolitan areas, SRO (Single-Room Occupancy) housing is making a comeback as safe, decent shelter for the working poor: *p.31.*

Management

■ A dozen of the country's best production builders meet twice a year to network ideas. An exclusive look at "The Group": *p. 51.* A Memphis-area builder uses a computer to manage follow-up correspondence: *p. 54.*

Marketing

■ What's in a project name? A lot, and here are some tips on choosing wisely: *p. 63.* By matching contributions up to $3000 a year, a Chicago builder helps young couples save for downpayment: *p. 68.*

Technology

■ Prefabricated product is helping to alleviate Israel's housing shortage, a promising market for U.S. builders: *p. 119.*

Next Issue

■ Look for "Designs From The South" in the April 1, 1991 issue, as well as stories on effective public/private partnerships and successful remodeling projects.

■ REAL ESTATE DYNAMICS

Can You Be Both A Leader And A Manager?

By Sanford R. Goodkin,
Executive Director
KPMG Peat Marwick
Goodkin Real Estate
Consulting Group

This is the time for short-term focus. Ask yourself, if you are small, "Are you or can you be both leader and manager?" If you are asking for money, you must prove it to those who have it.

As you examine your survival course, prepare a business plan strategy that can be used for both self-examination and as a presentation to money sources.

I. Introduction: This is a narrative background of the company's reputation among consumers and lenders, market niches served, new market opportunities, along with the manner of reaching them. It gives the background leadership of the company and its strong points.

Small builders should express themselves so there is some insight into their personality and strength of commitment to the future. This should never be a desperate call for action.

A business plan strategy is also a process of discipline that every small or large company needs. It whips up your firm into a jelling action machine that sets a reachable logical course.

II. Mission Statement: Why is this company in business? How will it satisfy a need in the marketplace/community?

III. Summary of Current Business: This should state facts about the target market(s) including product mix and price ranges. This should use sophisticated language even for a smaller builder.

IV. Summary of Marketplace: This should be very organized and formal. It is the justification for seeking associates, debt and venture capital. It should include historic background on your geography, a current review of action and trends. Remember that you are trying to prove that you have insight into the future. I suggest using a professional firm to assist you.

V. Definition of Strategy: Give the philosophy of the firm; create a comfort zone for the reader. It also can differentiate you from other builders or vendors. Strategy also should illustrate flexibility, capability to deal with surprises.

VI. Identification of Company's Capabilities: Management leadership and resources (experience), financial capabilities.

VII. Company Needs: New financing, expansion or implementation capital, increase or decrease of overhead, training to increase skills, office or control modernization. Beware of appearing to be just a risk-taking entrepreneur.

VIII. Competition: Show knowledge of competitive factors. Identify the steps needed to meet or dominate.

IX. Short Term/Long Term Goals: What paths must the company follow to be successful in the near and foreseeable future? Project future growth and opportunities. Create a monitoring system so you can measure results.

Stress Lifestyle When Selling To Seniors Market

There are no magic formulas for selling housing to seniors that aren't true for other markets as well, according to Barbara Krueger, Motivational Systems Inc., National City, Calif. While the purpose of the sales center is to greet, qualify and romance the customer, for seniors, the center is critical to selling "lifestyle."

An area map is particularly important in this regard. For seniors, it should be on a scale large enough to suggest amenities that are within walking distance. It should be placed on a north wall, Krueger adds, so that people can properly orient themselves.

She suggests that builders can offset the cost of the map by getting a local advertiser to sponsor it. That way, a builder can have a wall map as well as a handout.

What Seniors Want Nearby

Grocery store	65%
Drug store	59%
Hospital	49%
Public transportation	39%
Seniors center	26%

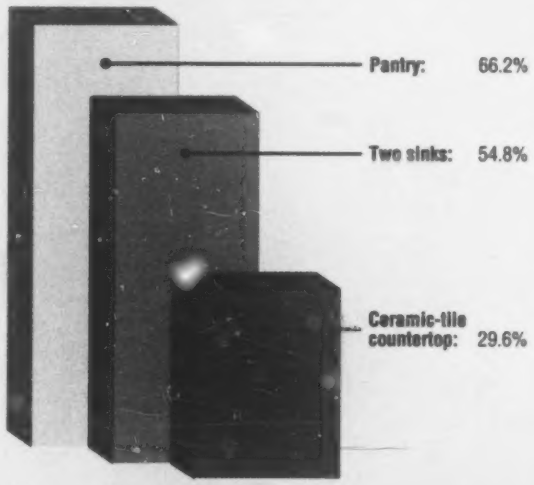
Source: American Association of Retired People

Experts also stress that photos of people enjoying the lifestyle bring the map alive because prospects want to imagine the people pictured as their neighbors. Showing gray hair and wrinkles is okay, they say, although those pictured usually tend to be about 10 years younger than most residents. □

Wet Rooms That Cater To Today's Buyers

By Andrea LaFreniere, Staff Editor,
& David Heinly, Senior Editor

Kitchen Features Consumers Want As Standard



Source: 1991 PB&R Consumer Survey

Upgrading a 70-year-old home yielded this enlarged kitchen, left, the focal point of the total renovation, featuring up-to-date appliances, cabinets, a plant shelf, counter space, and center island.

The home is one of 20 older, 3500-square-foot units in Fitzrandolph, N.J., renovated and retained as faculty housing for Princeton University. They are sold to faculty by the university and repurchased when vacated.

Cost of this complete house renovation was $150,000. Architect is Kehrt Shatkin Sharon. Builder is E. Allen Reeves Inc., of Abington, Pa.

Ample daylight through a wide window and skylight add volume ambiance to a modest bath in this move-up home in Hopewell, N.J., shown below.

Planned with ideas gleaned from consumer focus groups, the home is one of 21 units between 1700 and 2500 square feet in the 9.7-acre infill project of Hopewell Woods.

Architect is W. Charleroy. Builder is Peter Blicher, Pennington Properties. Interiors are by Sara Olesker, Chicago.

Photo: Scott Frances

Compact Rooms Become More Usable After Astute Rehabbing

Photo: Scott Frances

A small guest room bath, at left, gained a look of elegance and cheer in this whole-house remodeling of a 30-year-old Pebble Beach, Calif., home.

Among the constraints was the need to design bath elements that could fit around an existing shower site. The remodeling contractor was Art Hovanitz, working with a design and interiors created by Susan Britton Designs. The cost of the entire renovation was $150,000.

Right, handmade ceramic tiles from a local source accent the base of the built-in banquette seat, as well as the plant shelf brackets in the breakfast area of the kitchen in a new home at Hopewell Woods.

A half-wall behind the space-saving banquette plus the decorated overhead beam help to define the kitchen area.

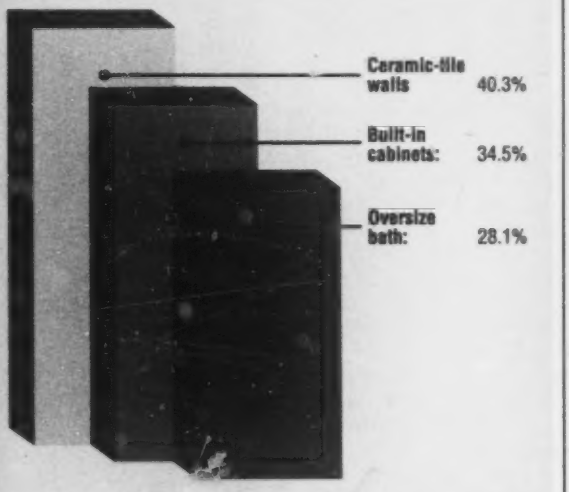
The builder is Peter Blicher, Pennington Properties. The architect is W. Charleroy, with interiors by Sara Olesker.

Opening the kitchen and dining area into a single large room, photo lower right, yielded both space and flexibility for an extended counter with an angular dining peninsula in a 35-year-old home at upscale Mercer Island, a suburb of Seattle.

A garden window and overall orientation of the room elements offer a full view of Puget Sound.

This remodeling was done by Jerry Hilzinger and Kimithy Nagel of Kitchens for Dream Homes, Kirkland, Wash. The cost was $40,000. □

Bath Products Priced Between $300 and $500 Consumers Would Select



Source: 1991 PB&R Consumer Survey

Photo: Roger Turk, Northlight Photography

Luxury Wet Rooms Reflect Trend To Special Features

Photo: Otto Baitz

Photo: Ed Chapel

This kitchen, at left, was a major element in the $175,000 renovation of an entire 1300-square-foot flat in a turn-of-the-century "Brownstone" in Brooklyn Heights, N.Y.

The kitchen alcove, which was retained from an earlier conversion, was opened and reframed along the wall behind a center island counter.

Original moldings were matched in an effort to restore a period look. The contractor, Jota Construction, used a design that was created by Manhattan architect Ronette Riley and Robert Henry.

An exercise room adjacent to the spacious master bath, lower left photo, evinces a continuing movement to special features in upscale luxury housing. It is part of a 5200-square-foot, million-dollar custom showcase home at Bay Colony, Naples, Fla.

Curving glassblock walls, a step-up spa tub and the separate shower are all flooded with Florida sunshine.

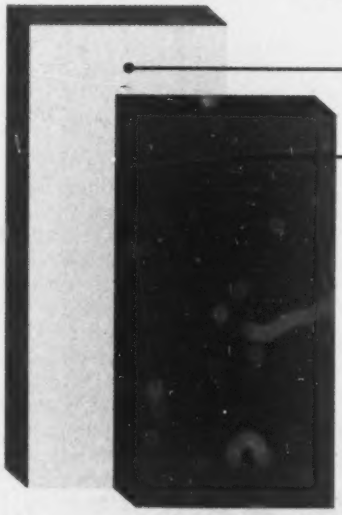
The home was built by Coastland Development using a design created by Bloodgood, Sharp & Snider. Interiors were done by Richard Plumer Design of Miami.

A second-level addition to this single-family home at Pebble Beach, Calif., photo right, included a luxury his-and-her bath with twin tubs, vanities and closets that are separated by a shower room and pony wall.

Art Hovanitz was the remodeler. The interiors were by Britton Designs. □

Photo: Jeff Bender.

Most Desirable Storage Items



Source: 1991 PB&R Consumer Survey

Professional Touches Attract Smart Buyers

Photo: Rick Sistos Photography

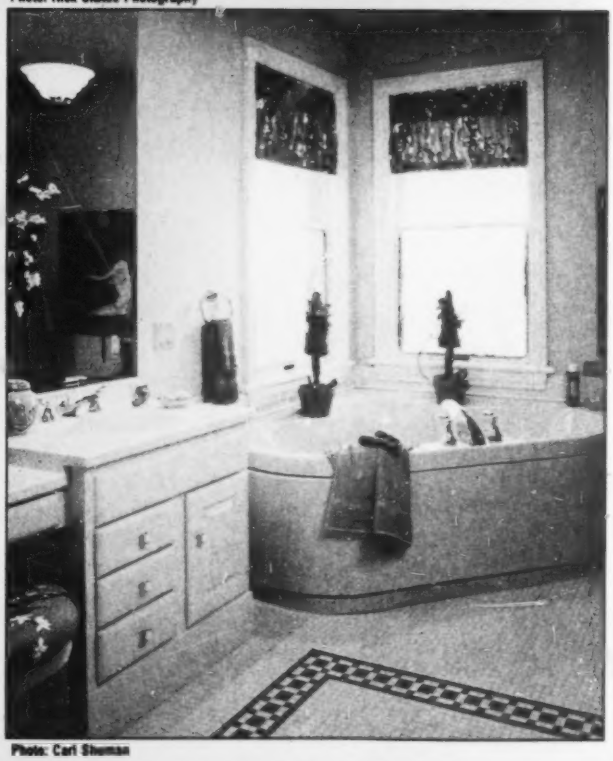


Photo: Carl Sherman

Top left, classic colonial design distinguishes the country kitchen of Model 531 at Glenstone, a community of upscale homes in Long Grove, Ill. Landmark Homes incorporated luxury features such as white appliances, a center island with cooktop and a planning desk into the kitchen.

A boxed-out window above the sink provides a place for growing plants or herbs. Set into a triple window arrangement, the breakfast area looks out onto a deck. B. Morris & Co., Chicago, was the interior merchandiser.

Left, stained-glass windows designed by an area artist mark the master bath of The Douglas model at Regents' Glen, York, Pa. Built by WIL-MAC Corp., the luxury bath includes a two-sided gas fireplace, ceramic-tile floor with decorative inlay, corner whirlpool tub and a separate shower. The double-bowl vanity, surfaced with Corian, is coved for easy cleaning. Design Ideas Inc., Lancaster, was interior merchandiser.

Right, this custom kitchen in Mason City, Iowa, was built by Henkel Construction Co. Fit for a gourmet, the kitchen features professional appliances, two sinks, work island and a skylight. Taupe laminate cabinets are trimmed with ash wood. Corian countertops and a cherry parquet floor complete the design. Architect was Joseph Chauncey, AIA. Interior designer was Suzanne Klotz-Johanson. □

Eating Arrangements Consumers Want To Have

Source: 1991 PS&R Consumer Survey

Photo: Mark Mickunas

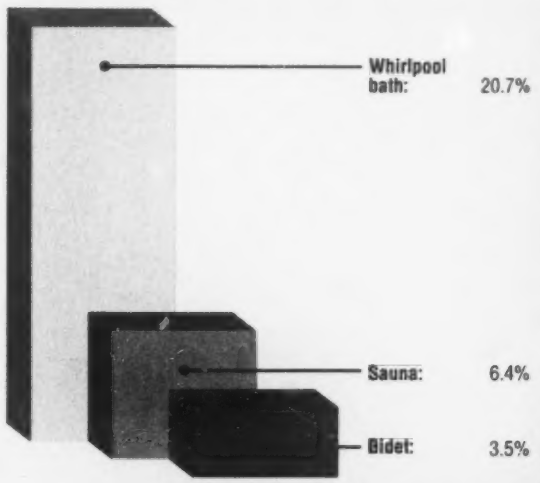
Islands, Tubs Make Wet Room Oases

Far right, inset, the island kitchen of Plan 3 at Montilla, Rancho Santa Margarita, Calif., is decorated with mallet-green tiles, an upgrade offered to move-up buyers. Cooking conveniences include island cooktop, double oven and separate microwave. Built by J.M. Peters Co. Inc., the kitchen, breakfast nook and family area act as one room. A curved bay window surrounds the breakfast nook, which looks onto backyard, swimming pool and spa. Architect was Richardson Nagy Martin, Newport Beach, Calif.

Opposite right, this master bath is a hot button in Landmark Homes' Model 531. Bordering the large windows are the builder's trademark, 5-inch fluted wood casings, accented by plinth blocks carved with rosettes. Cathedral ceiling, oversized whirlpool tub, sit-down double vanity and two walk-in closets make the bath all the more grand. The water closet is concealed by a half-wall. The shower is an oversized, 4-foot-wide model.

Right, the master bath in the $354,900 Churchill model at Prancing Horse Farm, Collegeville, Pa., makes the most of custom cherry cabinetry. Angled his-and-her vanities flank the whirlpool tub. Mirrored doors lead to his-and-her walk-in closets. The bath comes complete with a vaulted ceiling. Architect was Womack-Humphreys, Dallas. Louis Tyler Associates, Bethesda, Md., was interior merchandiser. □

Bath Products Priced Between $1600 and $2000 Consumers Would Select



Source: 1991 PB&R Consumer Survey

Photo: Rob Ikeler

Photo: Rob Ikeler Photography

Let America Build

☑ Say Yes To Sensible Growth

Let America Build: Part VII

If growth decreases the quality of life in a community—traffic snarls, overcrowded schools, etc.—opposition to development is bound to be virulent. But it doesn't have to be that way. Growth used to be seen as a universal good. And it can be that way again . . .

By William H. Lurz, Senior Editor

When builders compare notes on the problems they face in different parts of the country, opposition to the growth of their communities usually tops the list.

It comes as no surprise then that a recent survey of builder/readers—conducted by *PB&R*'s Bureau of Building Marketing Research—showed 78% of respondents face organized political opposition to growth in the communities where they build.

The sight of builders facing off with opponents to growth in public meetings and in the pages of local newspapers is now so familiar that we may lose sight of the fact that it is a relatively recent phenomena. Home ownership had always been a sacrosanct value in American society, and throughout most of our history, a proposal to build a new neighborhood of homes was a cause for celebration.

What happened in America over the last decade and a half to change builders from heroes into villains?

The answer is probably guilt by association. In suburbanized America, new neighborhoods are more likely to be linked in the public mind with the problems of increasing automobile traffic, overcrowded schools and burgeoning tax bills.

Many changes have occurred in this country over the last 10-15 years to create the impression that building houses creates problems and decreases the quality of life in a town. Probably most important, as a nation we stopped investing in public works—infrastructure—such as roads, expressways, bridges, sewer and water treatment plants.

Underfunding of America's infrastructure investment for the decade of the 1990s has been projected by the Congressional Budget Office at $240 billion. The Joint Economic Committee of the Congress places the shortfall at $448 billion. The Urban Land Institute estimates that maintenance costs alone will add up to $860 billion over the next 15 years.

"No-growth movements feed on infrastructure underfunding," says Lansing, Mich., attorney David Lick. "Declining quality of life is directly linked to reduced infrastructure spending."

Lick, who is considered a leading authority on public/private partnerships for the development of major capital projects, points to Eastern Europe as an example: "The air is toxic. The water is polluted. They have virtually no disposable waste systems. What's the result? Inefficiency, lack of productivity, the inability to grow and a quality of life we would never tolerate.

"If we turn our backs on the need to maintain and improve our infrastructure," he adds, "we can look forward to a declining ability to compete in the international economy, and consequent declines in our quality of life."

The causes behind the underfunding of infrastructure are complex, involving political choices at every level of government. Investment in public works by all three levels of government—measured in constant (1972) dollars—peaked in 1968, according to Isaac Megbolugbe, a senior housing policy analyst for NAHB. Public capital investment fell 30% between 1968 and 1980.

Then the Reagan Revolution kicked in. In 1981, the federal government picked up the tab for 43 cents of every dollar spent on public works. By 1989, that contribution

California's Prop 13 Tax Revolt Triggered Shift In Public Policy Direction

was down to 27 cents. The Tax Reform Act of 1986 cut tax-exempt bond financing and revenue-sharing, which had been a $4 billion a year program for local governments.

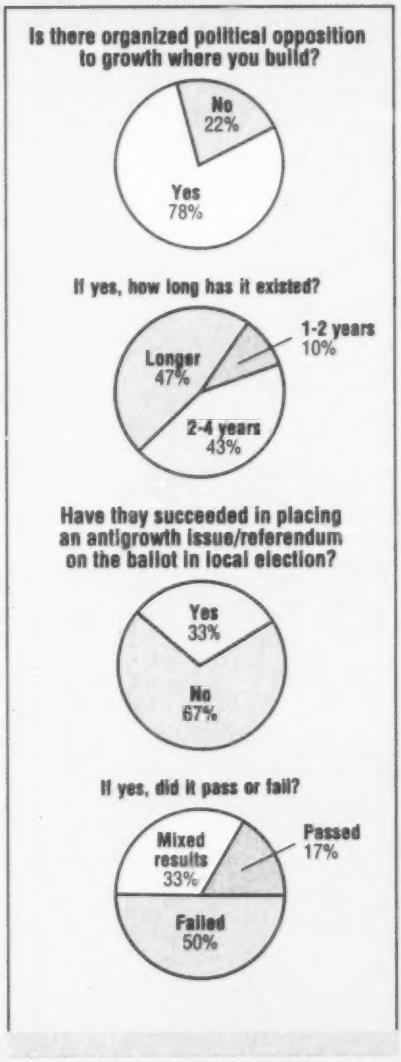
Capital spending was also a much larger portion of state and local budgets in the 1960s and '70s. "Public works were *the* focus then," says John Petersen, director of the Washington, D.C.-based Government Finance Research Center. "Over the last 20 years, much more funding has been directed into transfer payments—which are politically sensitive."

According to Steven Hayward, director of state and local policy studies at a California think tank, The Claremont Institute, the carrot of federal funding led even that change. "Various landmark federal statutes . . . compelled state and local governments to follow along and adopt new social priorities as their own," Hayward writes in *A Primer on the Growth Controversy in Florida*. "(They) shifted resources away from basic public works such as highways to 'social' needs—essentially transfer payments—and education."

The taxpayer revolts of the 1970s, culminating in California's landmark Prop 13, further limited municipalities in their funding options. "We've had a massive shift in public policy," says Denver builder Paul Barru. "Infrastructure used to be the responsibility of the larger community, and growth was seen as a common good. Now voters exercise political muscle against anything that touches taxes."

With federal funds disappearing, and politicians at every level disassociating themselves from any new tax, local governments began a desperate search for ways to shift capital spending to politically expedient funding sources.

Special tax and assessment districts, development fees, impact fees, exactions, annexation agreements and cash proffers are just a few that have come into vogue. All use builders and land developers as convenient intermediaries to shift the burden of funding capital improvements away from local voters to future residents—who have no local vote until *after* they buy a home.


Is there organized political opposition to growth where you build?
No 22%
Yes 78%
If yes, how long has it existed?
Longer 47%
1-2 years 10%
2-4 years 43%
Have they succeeded in placing an antigrowth issue/referendum on the ballot in local election?
Yes 33%
No 67%
If yes, did it pass or fail?
Mixed results 33%
Passed 17%
Failed 50%

According to Petersen, 40% of capital spending by local governments in California is now financed by developer fees, while 15%-20% is the norm for other high-growth areas of the country.

The trouble with dropping the burden of infrastructure finance on builders and home buyers is that it has disastrous effects on housing affordability, and simply does not work for the comprehensive, regional-scale improvements desperately needed in high-growth areas.

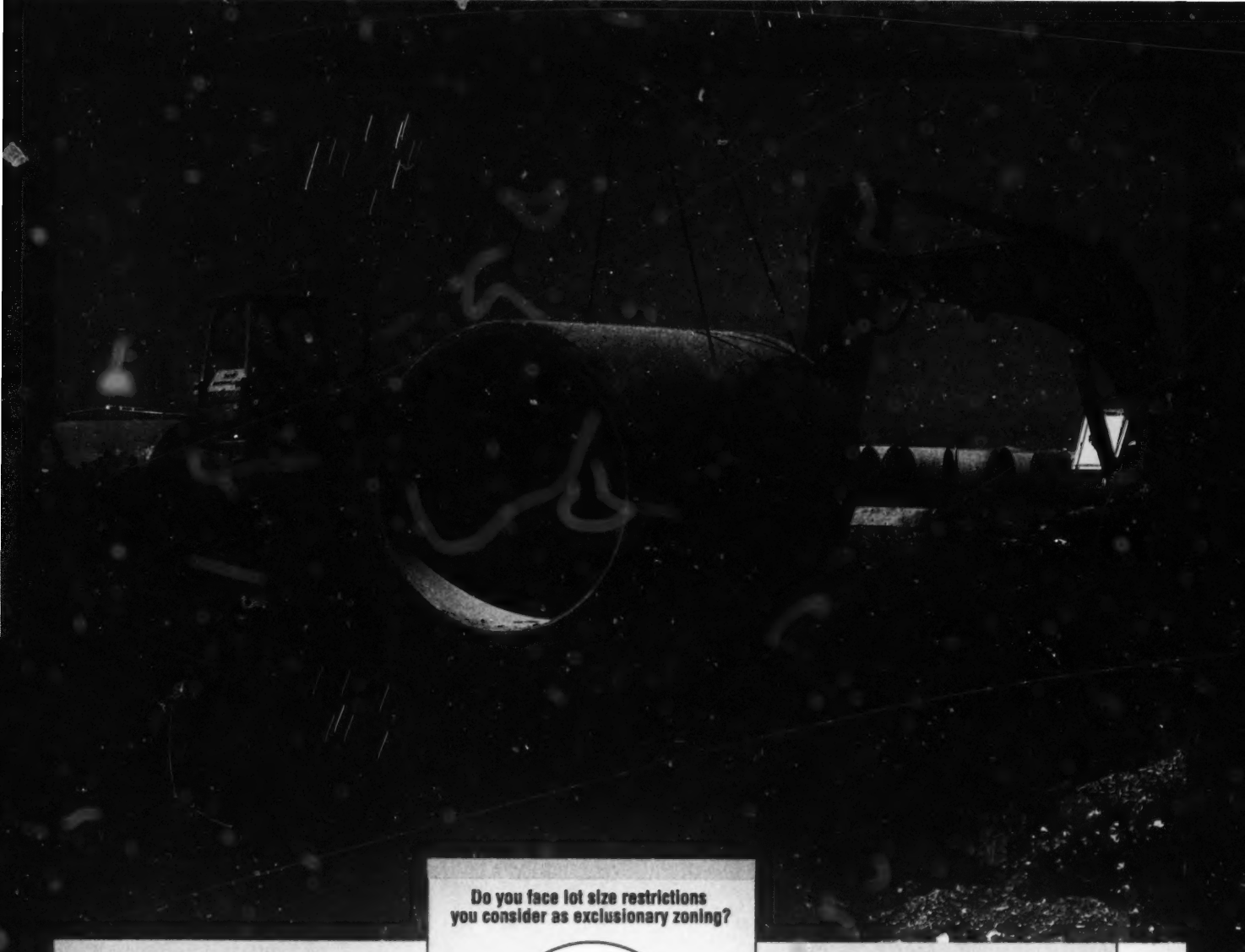
In *The American Nightmare: How Government Regulation and the No-Growth Movement Are Destroying Home Ownership in America*, author Gary Hull calculated the effects of development regulations in 1988 on Southern California housing affordability. He pegged the free-market cost of a standard 1800-square-foot house on a 4500-square-foot Orange County lot at $132,000.

Hull calculated other costs: processing delays added $38,000; permit conditions added $10,000; building codes $13,000; zoning $30,000; and impact fees and exactions $19,000. The market cost ended up at $242,000—beyond the reach of all but a fraction of the population.

Fees added to the price of a home are a form of regressive taxation, since they are charged on a per-unit basis, but represent a higher percentage of the price of a small house than a larger one. That being true, builders are driven to produce even larger homes in an effort to deliver maximum value.

No wonder young families flock to the more affordable Riverside County, spending four hours per day commuting to jobs in Los Angeles or Orange Counties. Traffic congestion has supplanted crime as the No. 1 public concern in California.

Austin, Texas, was a hotbed of slow-growth politics during the early 1980s. Texas builder Doyle Wilson now reports that Austin has dropped its water and sewer impact



Do you face lot size restrictions you consider as exclusionary zoning?

If yes, what is the smallest lot size permitted without a special exemption?

6000 square feet, on average

In California, 40% of capital spending by local governments is financed by developer fees, but the consequences on housing affordability have been disastrous. Less than 20% of households can afford the median price of $194,821.

fees from $3403 to $1571 per housing unit, and suburban Round Rock reversed its trend by dropping a similar fee from $6384 to $4534, all to stimulate growth.

Soaking builders with impact fees does not solve growth-related problems. What does work is a cooperative search for infrastructure funding and demand reduction solutions by all levels of government and the private sector.

States may offer the best hope for increased funding for infrastructure. They are not hamstrung by deficits, and generally have a vested interest in job creation.

Although many states are already creating growth management umbrellas, few have provided the new revenue sources municipalities desperately need. Florida is the state to watch on this count. Its Growth Management Act of 1985 requires comprehensive planning by municipalities, including capital facilities budgets to meet infrastructure needs. The law requires that infrastructure capacity be available or under development to meet mandated levels of service before building permits are issued. This "concurrency" provision threatens to trigger automatic building permit moratoria as Florida's rapid growth eats away at levels of service.

The state was supposed to create new funding sources for local governments to allow infrastructure to pace development. It has yet to happen.

On a more positive note, the capacity of local governments to borrow for capital improvements is enhanced at the state level. Bond banks to facilitate local infrastructure projects have been created in many states. Some issue their own bonds, using the state's more favorable credit rating, then lend the proceeds to local governments. Others pool groups of local debt issues, then sell them as a combined issue backed by the state.

Some states are now carrying the concept a step further, with more ambitious "infrastructure banks" empowered with broader authority

Government/Private Sector Cooperation Can Solve Growth Problems

to provide direct loans and grants.

NAHB's Infrastructure Task Force is now leading an ambitious campaign to create a *national infrastructure bank* it calls "Infra-Mae"—modeled after Fannie Mae—to create a secondary market for taxable loans as well as credit enhancement for tax-exempt infrastructure bonds. It would also provide direct support to private activity infrastructure projects where tax-exempt funding is no longer possible.

While they wait for other sources of infrastructure funding to emerge, builders in high-growth areas acknowledge that housing's subsidized days are gone for good.

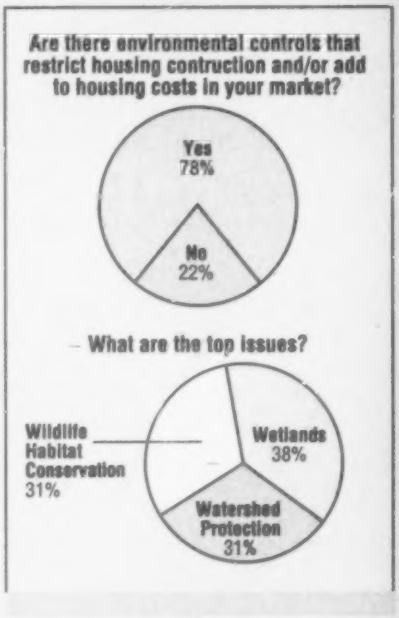
California Building Industry Association executive officer Robert Rivinius noted that a major impact fee every state builder faces is one for school facilities. "We support paying our fair share," he says, "but (we) are paying more than any other sector for new schools—$500 million throughout the state."

CBIA champions a $30 billion "Build Schools Now" program that would include a quarter-cent sales tax increase dedicated to school building, and require every California school district to use its facilities in some way year-round. But the CBIA program would continue development fees at the rate of $1.58 per square foot for residential and 26 cents for commercial.

"We have to develop mechanisms to get the private sector involved—equitably—in the provision of public services," argues Lick, noting that land appreciation financing has enormous potential. "H. Ross Perot Jr. recently volunteered to underwrite development of a new freight airport for Dallas/Ft. Worth because he owns the land surrounding the proposed site—which would obviously appreciate dramatically."

Public/private partnerships are also being used today to develop schools, parks, libraries, even waste water treatment plants. Lick cites the example of a Pennsylvania builder "who had such confidence in his planned development that he was willing to take a partial equity position in a waste water treatment system. He will carry a portion of the debt over the same period as the municipality."

Most people pay more for cable TV service than for water and sewer services, he adds: "Why not joint venture cable TV with the pro-

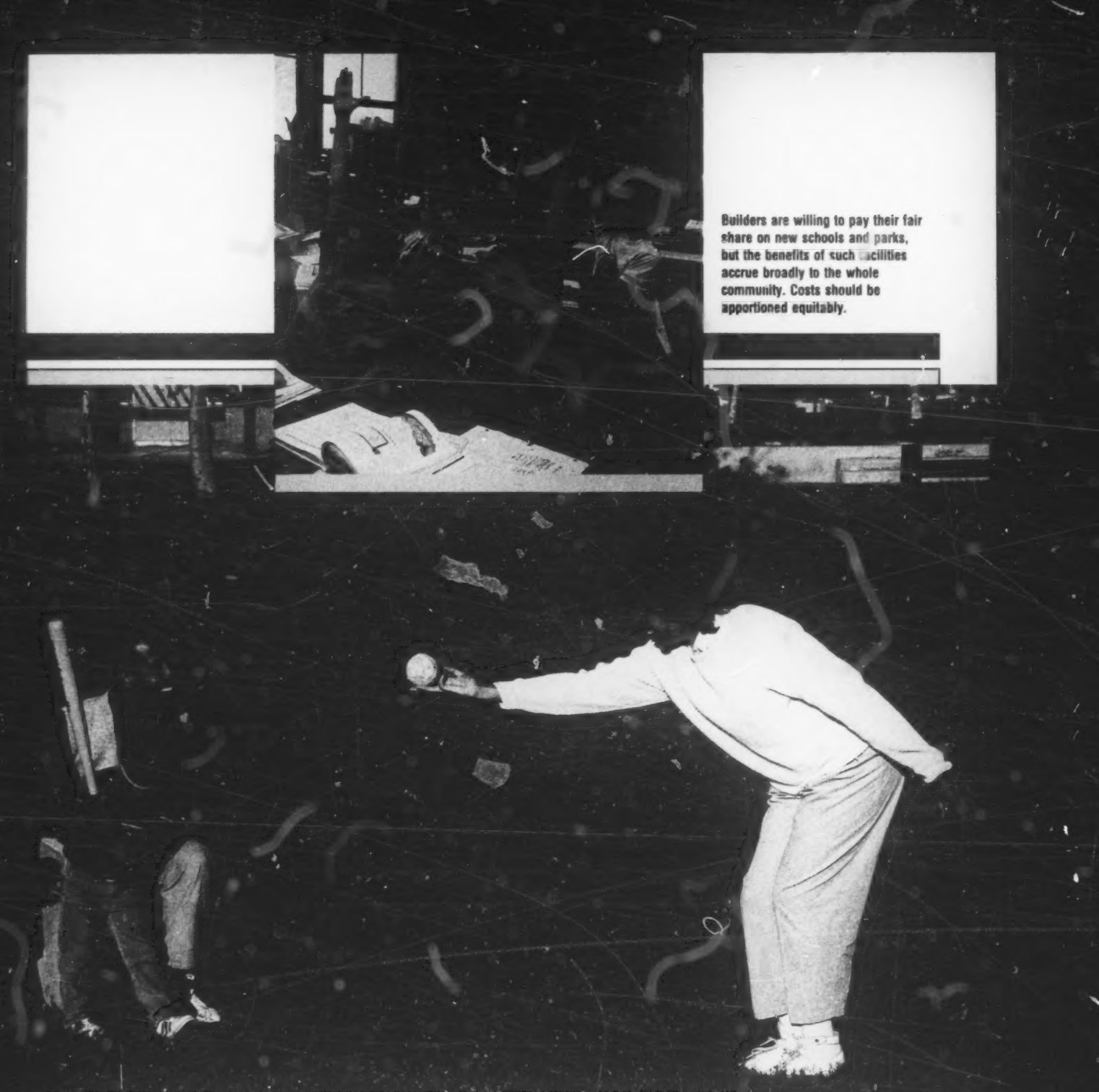

Are there environmental controls that restrict housing contruction and/or add to housing costs in your market?
Yes 78%
No 22%
What are the top issues?
Wildlife Habitat Conservation 31%
Wetlands 38%
Watershed Protection 31%

vision of such infrastructure?"

No problem is as vexing as traffic, and yet opportunities for innovation are rife. One result of the Persian Gulf War may be a national transportation policy that employs both carrots and sticks to break our addiction to the automobile.

"Because of Iraq, little attention was paid last fall when the President signed amendments to the Clean Air Act that have the potential to significantly impact our lifestyles," says Ken Gregor, general manager of the Metropolitan Atlanta Regional Transportation Authority. "Measurement of air pollutants are now required, and stringent controls will apply wherever pollution exceeds limits. In such areas, employers of over 100 people will be required to submit plans to decrease vehicle miles traveled by employees."

Single-occupant cars are likely to become endangered species on rush-hour expressways, he says:



Builders are willing to pay their fair share on new schools and parks, but the benefits of such facilities accrue broadly to the whole community. Costs should be apportioned equitably.

"We'll see land-use approvals tied to transportation availability other than the auto. Before office developments are approved, builders may be required to submit plans for car-pooling, staggered hours, or connections to public transit systems."

Look for toll roads to multiply as technology makes the toll booth obsolete. Modern systems are now available that use laser beams to read windshield decals and bill the auto owner for road use, according to Claremont Institute president Larry Arnn. Laser readers can be installed at any overpass for a fraction of the cost to install and maintain toll booths.

The concept of "congestion pricing" is attractive because non-work related trips outnumber work trips 2-1 today. Even at rush hour, home-to-work trips are in the minority.

Too many states and local governments have not yet grasped that filling the funding void left by federal abdication requires harnessing the private sector. That means opening up to cooperative searches for solutions.

Builders are among the most creative entrepreneurs in every town in America. They are not the problem. They are the key to elevating the quality of life, just as they were 50 years ago. □

Once again, Trammell Crow Residential Cos. proved to be the nation's housing starts leader for the year.

Professional Builder & Remodeler's Fourth Annual Housing Starts Leaders report, the Giant 100, indicates that the Dallas-based company started 8601 homes in 1990: 8009 rental units, 392 single-family detached homes and 200 attached, for-sale units.

Runner-up Centex Homes, also of Dallas, started the most single-family detached houses with a total of 7377. Trammell Crow was the leading producer of rental housing, followed by Boston Capital Partners with 7000 rental units.

This report is designed to acknowledge last year's leaders in housing starts and provide a preview of *PB&R*'s 24th ANNUAL REPORT OF HOUSING'S GIANTS® to be published in July. That report ranks the nation's 400 largest builders based on revenues from housing sold, not started.

In some cases, builders were not able to provide start information and reported actual sales or sales estimates instead. The Giant 100 also does not include mobile home production, which is covered in the July report.

Starts are down in this report: For example, the "Top Ten Giants" started 63,112 units in 1990, compared to 70,268 in 1989. However, the composition of the "Top Ten" is roughly the same: the only new addition to that list is 4th-ranked Boston Capital Partners. Last year's 8th-ranked firm, U.S. Home, dropped to the 11th position this year.

Thirty of this year's Housing Starts Leaders have headquarters in California, down from 33 in last year's report. The California builder with the most starts is Newport Beach-based William Lyon Co. Texas is home to 11 Giants, including the two top-ranked firms, Trammell Crow and Centex. Another 11 Giants are headquartered in Florida, with the biggest being Tampa-based Jim Walter Homes. □

THE GIANT 100

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1990 Starts
1	**Trammell Crow Residential** 2001 Ross Ave. Suite 3500 Dallas, Texas 75201 Ronald Terwilliger	392	200	8009	8601
2	**Centex Corp.** 3333 Lee Parkway Dallas, Texas 75219 Laurence E. Hirsch	7377	172	0	7549
3	**Ryland Group** 10221 Wincopin Circle Columbia, Md. 21044 Charles E. Peck	na	na	na	7200 (est.)
4	**Boston Capital Partners** 313 Congress St. Boston, Mass. 02210 John P. Manning	0	0	7000	7000
5	**William Lyon Co.** 4490 Von Karmon Newport Beach, Calif. 92658 William Lyon	3371	1291	1359	6021
6	**PHM Corp. (Pulte)** 33 Bloomfield Parkway Bloomfield Hills, Mich. 48013-2155 James Grosfeld	na	na	na	6020
7	**NVR L.P.** 7601 Lewinsville Rd. Ste. 300 McLean, Va. 22102 Dwight C. Schar	2964	2488	0	5452
8	**Jim Walter Homes** 1500 N. Dale Mabry Hwy Tampa, Fla. 33607 Robert W. Michael	5226	0	0	5226
9	**Weyerhaeuser Real Estate** Building WRE-2 Tacoma, Wash. 98477 C. Stephen Lewis	4600	427	0	5027
10	**Kaufman And Broad Home Corp.** 10877 Wilshire Blvd. Los Angeles, Calif. 90024 Bruce Karatz	5016	0	0	5016

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1990 Starts
11	**U.S. Home Corp.** P.O. Box 2863 Houston, Texas 77252 Robert J. Strudler	3650	1216	0	4866
12	**Lewis Homes** P.O. Box 670 Upland, Calif. 91785 Ralph M. and Goldy S. Lewis	2347	101	667	3115
13	**Summit Properties** 212S. Tryon St. Charlotte, N.C. 28281 William F. Paulsen	0	0	2800	2800
14	**Blazer Building** 10101 Harwin Houston, Texas 77036 Chris Richardson	0	0	2500	2500
15	**Lennar Corp.** 700 N.W. 107th Ave. Miami, Fla. 33172 Leonard Miller	na	na	na	2300
16	**UDC-Universal Dev. L.P.** 4812 S. Mill Ave. Tempe, Ariz. 85282 Gary A. Rosenberg	1570	513	0	2083
17	**Lokey Companies** 1800 Bering Drive Houston, Texas 77057 Kenneth R. Lokey	120	1890	0	2010
18	**M/I Schottenstein** 1855 E. Dublin-Granville Columbus, Ohio 43229 Irving E. Schottenstein	na	na	na	1949
19	**JL Construction** P.O. Box 369 Carlsbad, Calif. 92008 James Loren Franklin	64	0	1845	1909
20	**Morris General BuildingCo.** P.O. Box 3632 Chatsworth, Calif. 91313 G.L. Morris	7	1340	460	1807
21	**Picerne Properties** 75 Lambert Lind Highway Warwick, R.I. 02886 Ronald R.S. Picerne	31	0	1673	1704
22	**A.G. Spanos Construction** 1341 West Robinhood Dr. Stockton, Calif. 95207 Alex G. Spanos	0	0	1700	1700
22	**The Charter Group** P.O. Box 241089 Omaha, Neb. 68124 Gene Wilczewski	0	0	1700	1700
22	**Hovnanian Enterprises** 10 Highway 35 Red Bank, N.J. 07701 Kevork S. Hovnanian	670	0	1030	1700
25	**Anden Group** 15260 Ventura Blvd. Sherman Oaks, Calif. 91403 Eugene Rosenfeld	874	739	0	1613
26	**Robertson Homes** 5653 Embarcadero Stockton, Calif. 95219 Barton R. Robertson	20	0	1578	1598
27	**Forecast Mortgage Corp.** 10670 Civic Center Dr. Rancho Cucamonga, Calif. 91730 James P. Previti	1393	0	200	1593
28	**San-T Development Corp.** 10769 Woodside Ave., Ste. 203 Santee, Calif. 92071 M.L. Lawrence, Art Thompson	na	na	na	1524
29	**General Homes Corp.** P.O. Box 37148 Houston, Texas 77036 James P. Olafson	1512	0	0	1512
30	**Western National Properties** 630 City Drive Orange, Calif. 92668 Michael Hayde	0	0	1496	1496
31	**Weekley Homes** 1300 Post Oak Blvd. Houston, Texas 77056 David M. Weekley	1465	0	0	1465
32	**Edward Rose Building Ent.** P.O. Box 937 Southfield, Mich. 48037 Sheldon Rose	50	1400	0	1450

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1990 Starts
33	**Continental Homes Holding** P.O. Box 60010 Phoenix, Ariz. 85082 Kathleen Wade/Donald Loback	1300	0	0	1300
34	**Lexington Development Corp.** 1156 W. Shure Dr. Arlington Heights, Ill.60004 Ronald J. Benach	750	500	0	1250
35	**Landstar Homes** 2533 Boggy Creek Rd. Kissimmee, Fla. 32743 Rodolfo Stern	1080	149	0	1229
36	**Elliott Homes** 11093Sun Center Drive Rancho Cordova, Calif. 95670 Harry C. Elliott III	1214	0	0	1214
36	**Post Properties** 100 Cumberland Circle Atlanta, Ga. 30339 John A. Williams	0	0	1214	1214
38	**Lusk Co.** 17550 Gillette Ave. Irvine, Calif. 92713 John D. Lusk	934	274	0	1208
39	**Regis Homes** 5120 Campus Drive Newport Beach, Calif. 92660 Geoffrey L. Stack	0	0	1201	1201
40	**GBW Properties** 520 S. Lafayette Park Pl. Los Angeles, Calif. 90057 Jay H. Wilton	0	0	1200	1200
41	**DeMatteis Organization** EAB Plaza West Tower Uniontown, N.Y. 11556 Frederick DeMatteis	0	1188	0	1188
42	**J.L. Mason Group** 5020 Tamiami Trail North Naples, Fla. 33940 Joseph L. Mason	846	339	0	1185
43	**Drees Co.** 211 Grandview Dr. Covington, Ky. 41017 Ralph A. Drees	755	216	190	1161
44	**Flournoy Construction** P.O. Box 6566 Columbus, Ga. 31995-6566 John F. Flournoy	0	0	1153	1156
45	**Beazer Properties** 945 East Paces Ferry Road Atlanta, Ga. 30326 Jerald Cohn	994	0	138	1132
46	**Calton** 500 Craig Road Freehold, N.J. 07728 Anthony J. Caldarone	600	520	0	1120
47	**Pacific Scene** 3900 Harney St. San Diego, Calif. 92110 Tawfiq Khoury	551	265	300	1116
48	**Epoch Properties** 359 Carolina Ave. Winter Park, Fla. 32789 James H. Pugh Jr.	0	0	1112	1112
49	**The Randall Group** 9500 S. W. Barbur Blvd. #300 Portland, Ore. 97219 Robert D. Randall	0	0	1100	1100
50	**Fieldstone Co.** 14 Corporate Plaza Newport Beach, Calif. 92660 Peter M. Ochs	1085	0	0	1085
51	**Amrep Corp.** 10 Columbus Circle New York, N.Y. 10019 Lawrence T. Perlmutter	520	548	0	1068
52	**Standard Pacific, L.P.** 1565 W. MacArthur Costa Mesa, Calif. 92626 Ronald R. Foell	1063	0	0	1063
53	**Newport Pacific Development** 4400 McArthur Blvd., 9th floor Newport Beach, Calif.92660 Magdy Hanna	0	640	400	1040
54	**Embrey Investments** 750 E. Mulberry St. Ste. 500 San Antonio, Texas 78212 Walter Embrey Jr.	0	0	1036	1036
55	**Harkins Group** 12301 Old Columbia Pike Silver Spring, Md. 20904 Thomas P. Harkins	0	128	875	1003

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1990 Starts
56	**Lincoln Property Co.** 500 N. Akard Dallas, Texas 75201 A. Mack Pogue	0	0	1000	1000
57	**Di Loreto Const.** P.O. Box 70280 Reno, Nev. 89570 Perry M. Di Loreto	750	0	224	974
58	**Kimball Hill Inc.** 5999 New Wilke Road Rolling Meadows, Ill. 60008 David K. Hill	490	470	0	960
59	**Holly Corp.** 101 E. 26th St. Tacoma, Wash. 98421 Daniel M. Kelley	9	458	488	955
60	**Shea Homes** 655 Brea Canyon Road Walnut, Calif. 91789 Roy Humphreys	467	238	243	948
61	**Catalina Homes** 644 Ferguson Dr. Orlando, Fla. 32858 W.S. Orosz Jr.	941	0	0	941
62	**CenvillDevelopment Corp.** 1926 10th Avenue N. Lake Worth, Fla. 33417 Richard Siemens	214	0	720	934
63	**Friendswood/Village Builders** P.O. Box 2567 Houston, Texas 77001 Robert Bradley	916	0	0	916
64	**Bozzuto & Associates** 6401 Golden Triangle Dr. #200 Greenbelt, Md. 20770 Thomas S. Bozzuto	0	145	756	901
65	**Primark Corp.** 1200 S. 192nd St., No. 102 Seattle, Wash. 98148 Hong S. Tan	0	0	900	900
65	**Mercedes Homes** 1600 W. Eau Gallie Blvd. Melbourne, Fla. 32935 Keith Buescher	900	0	0	900
67	**Evan Withycombe Inc.** 4455 E. Camelback Road Phoenix, Ariz. 85018 Stephen Evans	19	0	880	899
68	**Dominion Developments** 5911 Orchard St. W Tacoma, Wash. 98467 J. David Page	0	0	894	894
69	**Woodcrest Development** 17911 Mitchell Ave. Irvine, Calif. 92714 Ronald J. Gilles	724	165	0	889
70	**Tompkins Heritage Homes** 1637 E. Vine St. Kissimmee, Fla. 32743 Thomas N. Tompkins	0	0	888	888
71	**Barratt American** 30 Fairbanks, Ste. 110 Irvine, Calif. 92718 Mark L. Frazier	672	189	0	861
72	**Nanticoke Homes** P.O. Box F Greenwood, Del. 19950 John Mervine	800	50	0	850
73	**McMillin Cos.** 2727 Hoover Ave. National City, Calif. 92050 Macey L. McMillin Jr.	296	446	104	846
74	**Roberts Properties** P.O. Box 28744 Atlanta, Ga. 30328 Charles S. Roberts	117	0	714	831
75	**Lockwood Group** 17 W. Lockwood Ave. St. Louis, Mo. 63119 Joseph A. Shepard	0	0	820	820
75	**Continental Financial Corp.** P.O. Box 7679 Marietta, Ga. 30065 S. Kent Owings	820	0	0	820
77	**Mitchell Co.** P.O. Box 160306 Mobile, Ala. 36616 John Saint	350	0	468	818
78	**Victorian Homes** P.O. Box 707 Middlebury, Ind. 46540 Roger Nielsen	805	0	0	805

Rank by starts	Company, location, principal officer	For-sale, detached units	For-sale, attached units	Rental units	Total 1990 Starts
79	**Hughes-Patwil Homes** P.O. Box 6181 Linglestown, Pa. 17112 Eugene Bastian	800	0	0	800
79	**Winncrest Homes** 9985 Folsom Blvd. Sacramento, Calif. 95827 Thomas P. Winn	800	0	0	800
81	**GlenFedDevelopment Corp.** 16601 Ventura Blvd., Ste. 500 Encino, Calif. 91436 Terry Hess, Mel Wynn	353	255	187	795
82	**Hunt Building Corp.** P.O. Box 9368 El Paso, Texas 79984 M.L. Hunt	378	404	0	782
83	**Harold Moore Associates** P.O. Box 756 Fayetteville, Tenn. 37334 Harold Moore	0	27	734	761
84	**Meeker Development** 19100 Von Karmen Irvine, Calif. 92715 George Meeker	760	0	0	760
85	**Coleman Co.** P.O. Box 9336 Bakersfield, Calif. 93389 Thomas Coleman	606	0	114	720
86	**McKellar Communities** 1250 Prospect #103 La Jolla, Calif. 92037 Christopher S. McKellar	0	714	0	714
87	**DiVosta& Company** 10358 Riverside Drive Palm Beach Garden, Fla. 33410 Otto B. DiVosta	244	468	0	712
88	**Andrade Development** 1620 W. Fairmont Fresno, Calif. 93705 Jim Vagim	0	456	248	704
89	**Orleans Construction** 2507 Philmont Ave. Huntington Valley, Pa. 19006 Jeffrey Orleans	100	600	0	700
90	**Ahmanson Developments** 1370 S. Valley Vista Dr. #100 Diamond Bar, Calif. 91765 Jeffrey A. Slavin	647	31	0	678
91	**Colson & Colson Construction** 2741 12th St. S.E. Salem, Ore. 97302 William E. Colson	0	0	669	669
92	**Griffin Homes** 24005 Ventura Blvd. Calabasas, Calif. 91302 Paul E. Griffin Jr.	640	0	0	640
93	**Signature Homes** 801 South Rancho Drive Las Vegas, Nev. 89106 Richard Plaster	637	0	0	637
94	**Holiday Builders** 1901 S. Harbor City Blvd. Melbourne, Fla. 32901 Lawrence Sietsma	602	0	0	602
94	**International American Homes** 100 Walnut Ave. Clark, N.J. 07066 Robert H. Winnerman	336	266	0	602
96	**M.D.C. Holdings** 3600 South Yosemite Street Denver, Colo. 80237 Larry A. Mizel	600	0	0	600
97	**S&A Custom Built Homes** 501 Rolling Drive State College, Pa. 16801 Don Haubert	512	83	0	595
98	**Town & Country Homes** 1603 W. 16th St. Oak Brook, Ill. 60521 William G. Ryan	470	120	0	590
99	**United Development Mgt.** 1400 S. Wolf Road Wheeling, Ill. 60090 Sheldon Lazar	257	165	157	579
100	**Borror Corp.** 5501 Frantz Road Dublin, Ohio 43067 Douglas Borror	575	0	0	575

AD INDEX

This Ad Index page is provided as a service to advertisers. It is not a part of the advertiser's contractual service. Due to mechanical problems, this publication cannot assume responsibility for errors that may occur in the page listings or in the reader service numbers given.

For fast, free information on products and services advertised and featured in this issue, use the Reader's Service Card found in the back of this issue. For your convenience, the circle numbers of all advertisers are listed below. Select the proper circle numbers and circle them on the card. Complete the card as instructed, add postage and mail. To fax the card, write the correct circle numbers in the spaces provided. Send via the fax number listed. Cards will be serviced until June, 1991.

For more information circle	Page	↓
Abitibi-Price Corp.	53,55,57,58-59	25
Alcoa Vinyl Windows	122-123	41
American Standard	125	42
Andersen Corp.	157-172	40
Aqua Glass Corp.	182	72
Aristech Chemical Corp.	67	30
Aristokraft, Inc.	43	28
Bradford Windows	150	56
Brown Stove Works, Inc.	151	57
Canon Fax	69	31
Caradco, An Alcoa Co.	IBC	73
CertainTeed Corp. (Siding)	8	4
+CertainTeed Corp. (Roofing)	140a	76
(Windows)	140o	84
Chevrolet Truck	114-115	38
Chicago Faucet Co.	118	39
Classified Advertisement	178-179	
Copper Development Association, Inc.	138,173	46,67
Delta Faucet Co., Div. of Masco Corp.	29	14
Fiberboard Technologies	50	24
Flood Company, The	140	55
Florida Tile, Sikes Corp.	19	9
General Electric Co.	60-61	26
Georgia Pacific	129	44
+Gibbs Landscape Co.	140f	79
Gloucester Co., Inc.	155	64
Heatilator Inc., HON Industries	177,BC	69-71,74
+International Tile Exposition	140q	85
Jenn-Air Corp.	44-45	21
KitchenAid	37	18
Kitchen Kompact, Inc.	9	5
Knauf Fiber Glass	141,143	47,49
Kohler Company	IFC	1
Kraftmaid	18	8
Laing Thermotech, Inc.	152	59
Louisiana-Pacific Corp. (Engineered Wood Products)	1-3	2
Louisiana-Pacific Corp. (Innerseal)	126-127	43
Louisiana-Pacific Corp. (Weatherseal)	175	68
Martin Industries	26-27	12
Marvin Windows	116-117	37
Masonite Corp. (Doors)	6-7,14-15	3,7
Maytag Co.	86-87	
Merillat Industries, Inc.	153	60
+Milgard Windows	140k	82
Mobay Corp.	156	65
Moen Group	144-145	50
Morgan Products Ltd.	148-149	54
National Exposition of Remodeling, Renovation & Restoration	75-84	34
Nat'l Floor Products Co., Inc. (NAFCO)	146	51
National Woodworks, Inc.	66	29
+Northern Illinois Gas	140c	77
Panel Clip Co.	146	52
Peachtree Doors, Inc.	130-131	45
Pease Industries, Inc.	121	66
Pella Windows & Doors, Rolscreen Co.	72-73	33
Price Pfister Inc.	62	27
Professional Builder & Remodeler Magazine	174,176	
Props by IDM	152	58
Ralph Wilson Plastics Co., Inc. (WILSONART)	30	15
Reading Body Works, Inc.	28	13
+Real Estate Disposition Corp.	140m	83
Rolscreen Co., (Pella Windows & Doors)	72-73	33
S & S Mills, Inc.	33-35	16
Schlage Lock Co.	39-41	19
Sharp Electronics Corp.	47	22
Simpson Door Co.	142	48
Smart House Venture, Inc.	85	35
+Southern California Edison	140g	80
+Southern California Gas	140h-i	81
Square D Company	64-65	28
Suburban Propane	147	53
Superior Fireplace	48-49,70-71	23,32
Swirl Way	22-23	10
Toyota Motor Sales	21	
+Trade Commission of Spain	140e	78
Trade International, Inc.	155	62
Tremco	10	6
United States Gypsum Co.	154	61
Velux-America, Inc.	25	11
Visador	36	17
Wenco, Div. of Jeld-Wen	135,137,139	75
Whirlpool Corporation	12-13	
York Spiral Stair	155	63

+Regional Advertising

PROFESSIONAL BUILDER & REMODELER SALES OFFICES

DES PLAINES, IL 60018-3358
Cahners Plaza, 1350 E. Touhy Ave.
708/635-8800
Tim Kedzuch, Nat'l Sales Manager
Paul Gillen, District Mgr.
R. Blayne Long, District Mgr.
Joseph E. Modaff, District Mgr.
Patty Horn, District Mgr.
Cathy Keeler, Classified

ATLANTA, GA 30339-2911
6520 Powers Ferry Rd., Suite 395
404/955-6500
Jerry Felton, Reg. Gen. Mgr.
Peter Muller, District Mgr.

CLEVELAND, OH
Cahners Plaza
1350 E. Touhy Ave.
Des Plaines, IL 60018-3358
708/390-2954
Paul Gillen, District Mgr.

DALLAS, TX
Cahners Plaza
1350 E. Touhy Ave.
Des Plaines, IL 60018-3358
708/635-8800
R. Blayne Long, District Mgr.

DENVER, CO
18818 Teller Avenue, #170
Irvine, CA 92715-1615
714/851-9422
Mark Sheldon, District Mgr.

NEW ENGLAND
487 Devon Park Drive, Suite 206
Wayne, PA 19087-1749
215/293-1212
John Teefy, District Mgr.

IRVINE, CA 92715-1615
18818 Teller Avenue, #170
714/851-9422
Mark Sheldon, District Mgr.

NEW YORK, NY
487 Devon Park Drive, Suite 206
Wayne, PA 19087-1749
215/293-1212
John Teefy, District Mgr.

PITTSBURGH, PA
487 Devon Park Drive, Suite 206
Wayne, PA 19087-1749
215/293-1212
John Teefy, District Mgr.

PORTLAND, OR 97221-2533
1750 Skyline Blvd., Box 6
503/297-3382
E. Patrick Dakin
Regional General Mgr.

WAYNE, PA 19087-1749
487 Devon Park Drive, Suite 206
215/293-1212
John Teefy, District Mgr.

DETROIT, MI
Cahners Plaza
1350 E. Touhy Ave.
Des Plaines, IL 60018-3358
708/390-2954
Paul Gillen, District Mgr.

Cahners Publishing Company, A Division of Reed Publishing USA ☐ Specialized Business Magazines for Building & Construction ☐ Research ☐ Technology ☐ Electronics ☐ Computing ☐ Printing ☐ Publishing ☐ Health Care ☐ Foodservice ☐ Packaging ☐ Environmental Engineering ☐ Manufacturing ☐ Entertainment ☐ Home Furnishings ☐ and Interior Design. Specialized Consumer Magazines for Child Care ☐ Boating ☐ and Wedding Planning.

PROFESSIONAL BUILDER & REMODELER (ISSN-0885-8020) Vol. 56, No. 5 is published monthly, except in January, February, April, May, August, and September, when two issues are published, by The Cahners Publishing Company (subscription includes all issues). Cahners Publishing Company is a Division of Reed Publishing USA, 275 Washington St., Newton, MA 02158-1630. Terrence M. McDermott, President; Charles E. Moodhe, Senior Vice President/General Manager; Jerry D. Neth, Senior Vice President/Publishing Operations; J.J. Walsh, Financial Senior Vice President/Magazine Division; Thomas J. Dellamaria, Senior Vice President/Production and Manufacturing; Ralph Knupp, Vice President/Human Resources. Circulation records are maintained at Cahners Publishing Company, 44 Cook St., Denver, CO 80206-5800. Phone: 303/388-4511. Second-class postage paid at Denver, CO 80206-5800 and additional mailing offices. Postmaster: Send address corrections to PROFESSIONAL BUILDER & REMODELER P.O. Box 173377, Denver, CO 80217-3377.
PROFESSIONAL BUILDER & REMODELER copyright 1991 by Reed Publishing USA; Ronald G. Segel, Chairman and Chief Executive Officer; Robert L. Krakoff, President and Chief Operating Officer; William M. Platt, Sr. Vice President.
Annual subscription rates for non-qualified people: USA, one year $139.95, two years $229.95; Canada/Mexico, one year $179.95, two years $299.95; other countries, one year $195.95, two years $325.95. There will be a surcharge for Air Mail of $100 on one-year rates and a $200 surcharge on two-year rates. Single copies are available for $20 (USA, Canada/Mexico and foreign). January 15 issue is available for $25 (USA, Canada/Mexico and foreign). Please address all subscription mail to Phil Claiborne, 44 Cook St., Denver, CO 80206. Address editorial and other mail to PROFESSIONAL BUILDER & REMODELER, Cahners Plaza, 1350 E. Touhy Ave., Des Plaines, IL 60018-3358. REPRINTS of articles are available in quantities of 500 or more. For a specific quotation, contact Katie Pyziak, Manager, Marketing Services, 1350 E. Touhy Ave., Des Plaines, IL 60017-5080; phone, 708/635-8800.

INDICATORS

Final 1990 Housing Starts Total The Lowest In 8 Years

Numbers reflect the uncertainty and concern caused by the Gulf War.

With the release of the government's estimate of total housing starts for December, we now have a preliminary count of all single- and multifamily residential units started during 1990. The picture isn't pretty. At an estimated 1,192,800 units, last year's total was the lowest since 1982 (the low-water point of the decade with only 1,062,000 units started).

Total starts declined by 13.3%, with starts in multifamily buildings falling below 300,000 units for the first time on record and single-family starts dipping below 900,000 units after averaging almost 1.1 million units annually over the last seven years.

December's numbers reflected the uncertainty and apprehension present in the nation in the weeks leading up to the Gulf War. Total starts during the month were at an extraordinarily low seasonally adjusted annual rate of just 987,000 units. This represented the first time since June 1982 that the annualized pace of new starts slipped below one million. A final measure of just how badly things had deteriorated by December: the actual unadjusted number of new units started during the final month of 1990 was the lowest for any December since 1974. □

Stalemate Is Over; Slow Recovery Seen

Things will get better in 1991—if only because they can hardly get much worse. Less cynically, there are in fact some good reasons to believe that the worst is behind us. The most encouraging single development is the end of the impasse in the Middle East. For better or worse, the debilitating uncertainty about the stalemate has been removed from prospective home buyers minds.

The "wait-and-see" paralysis of consumer psychology will be rehabilitated only slowly, but some realistic hope of improvement is now on the horizon.

The combination of lower interest rates, a definitive resolution to the hostilities in the Persian Gulf, and a national economy which has "bottomed out" should spell relief by year's end. □

By Daryl Delano, Cahners Economics

PB&R Leading Indicator

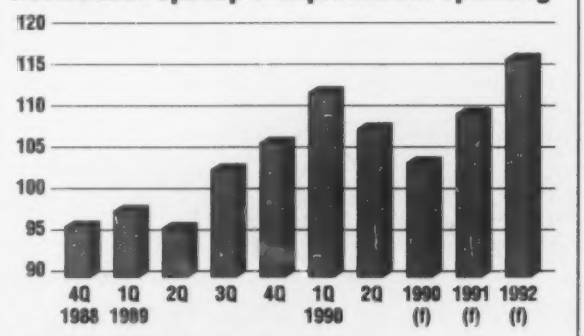
Broken line denotes forecast. Leading indicator of housing predicts short-term changes in residential construction over approximately the next quarter. Latest figure is based on March data and includes the Standard and Poor's h-b stock index, 90 day T-bills, bank reserves, consumer confidence index and the ratio of homes for sale to those sold. Prepared exclusively for PB&R by Cahners Economics.

Regional Market Conditions
(Year-To-Date Trends)

	S-F Home Permit $	Average S-F Permit Value	Remodeling Permit $	Employment Change
Portland, Maine	-23.5%	$93,572	-8.5%	0.0%
Harrisburg	-6.8%	$81,572	-1.6%	+2.7%
Orlando	-0.3%	$88,850	-13.1%	+2.7%
Knoxville	+6.5%	$68,329	+4.3%	-1.6%
San Antonio	+2.7%	$61,743	-19.4%	+1.3%
Milwaukee	+3.4%	$108,283	+0.4%	+2.0%
Omaha	+5.8%	$79,437	-3.5%	+2.4%
Salt Lake City	+20.3%	$87,795	-41.6%	+3.1%
San Diego	-30.8%	$174,419	+14.2%	+2.4%

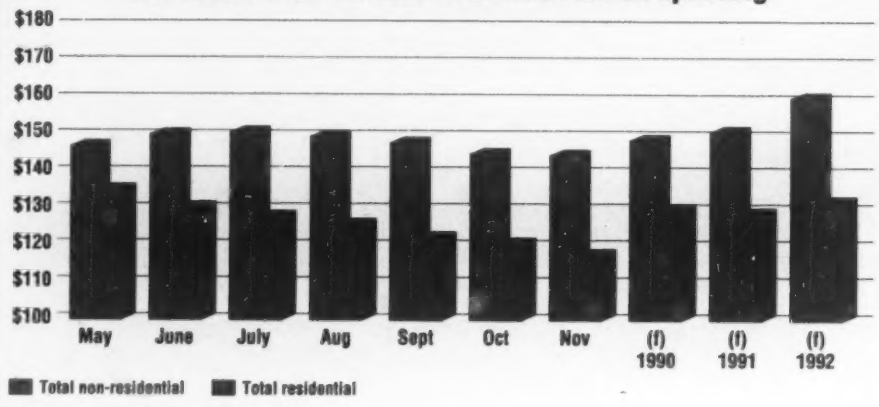
Sources: U.S. Departments of Commerce and Labor.

Residential Upkeep & Improvement Spending



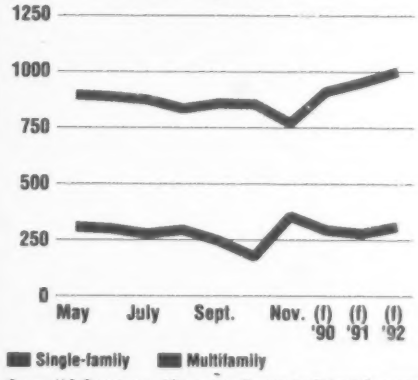
Data reflects seasonally adjusted annual rates in billions.
Source: U.S. Department of Commerce. Forecast: Cahners Economics.

Non-Residential & Residential Construction Spending



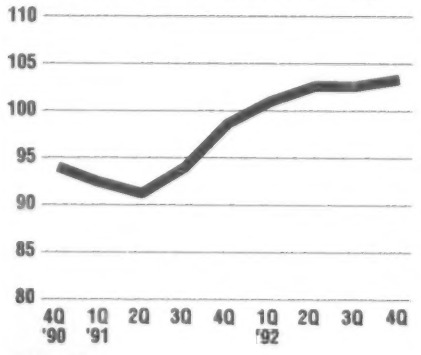
Data reflects seasonally adjusted annual rates in billions.
Source: U.S. Department of Commerce. Forecast by Cahners Economics.

Housing Starts



Source: U.S. Department of Commerce. Forecast by Cahners Economics.

Total PB&R Market Activity

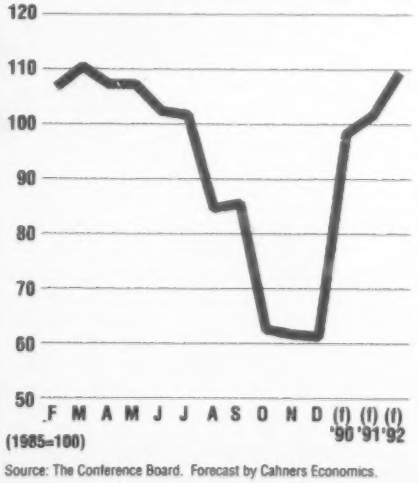


(1987=100)

Index represents weighted average of forecast trends in residential, remodeling and light commercial construction markets. Data are expressed in "real" terms, i.e. adjusted for the effects of inflation.

Source: Cahners Economics.

Consumer Confidence Index



(1985=100)

Source: The Conference Board. Forecast by Cahners Economics.

Key Trends At A Glance

	Nov. 1990	Mar. 1990
Total housing starts*	1129	1307
New home sales*	506	558
Remodeling permit trend	+2.2%	+2.6%
Consumer confidence index**	61.7	110.5
Median price of new home***	$121.5	$119.4
Fixed-rate mortgages	10.01%	10.25%
Construction wage trend	+3.3%	+2.5%

* Seasonally adjusted annual rate in thousands.
** 1985 = 100.
*** In thousands.

'Pockets of Strength' Existed In 1990

The value of permits for new residential construction were off in most parts of the country last year. The national average decline was 14.1%, with the Northeast leading the downhill charge.

The modest "pockets of strength" in new home construction were concentrated in the Pacific Northwest, Oil Patch and Midwest states. The number of single-family home permits rose by 18.1% in Oregon, by 9.7% in both Washington and Iowa, and by an average 3.5% for Texas, Louisiana and Oklahoma.

The better opportunities last year clearly were in other-than-new construction work. Regional variations in the level of residential remodeling and non-residential work during 1990 were still apparent but much less pronounced than for new construction work.

Nationally, the value of permits for residential addition and alteration work rose 1.9% between 1989 and 1990—not much, but in sharp contrast to the better than 14% decline in new construction work.

Regionally, remodeling grew by a strong 11.4% last year in the Pacific Coast states, even as new construction permit values were plummeting by 21.4%.

Unfortunately for the New England states, weakness in the new construction markets carried over to the remodeling side as well. New residential permits were off 29.3%, while remodeling permits were down 11.8%. □